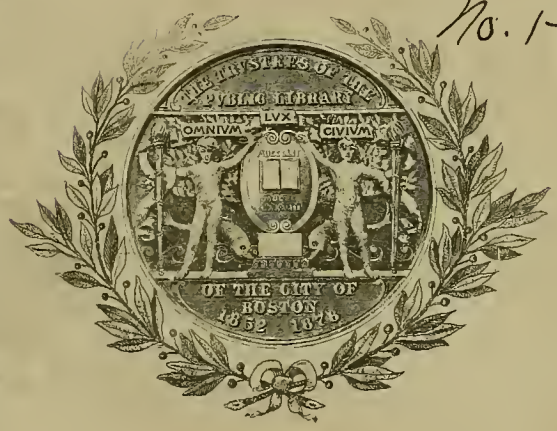

NATIONAL RECOVERY ADMINISTRATION

DIVISION OF REVIEW

EVIDENCE STUDY

NO. 2

OF

THE BOOT AND SHOE MANUFACTURING INDUSTRY

Prepared by

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PRELIMINARY DRAFT

(NOT FOR RELEASE: FOR USE IN DIVISION ONLY)

THE EVIDENCE STUDY SERIES

The EVIDENCE STUDIES were originally planned as a means of gathering evidence bearing upon various legal issues which arose under the National Industrial Recovery Act.

These studies have value quite aside from the use for which they were originally intended. Accordingly, they are now made available for confidential use within the Division of Review, and for inclusion in Code Histories.

The full list of the Evidence Studies is as follows:

1. Automobile Manufacturing Ind.
2. Boot and Shoe Mfg. Ind.
3. Bottled Soft Drink Ind.
4. Builders' Supplies Ind.
5. Chemical Mfg. Ind.
6. Cigar Mfg. Industry
7. Construction Industry
8. Cotton Garment Industry
9. Dress Mfg. Ind.
10. Electrical Contracting Ind.
11. Electrical Mfg. Ind.
12. Fab. Metal Prod. Mfg., etc.
13. Fishery Industry
14. Furniture Mfg. Ind.
15. General Contractors Ind.
16. Graphic Arts Ind.
17. Gray Iron Foundry Ind.
18. Hosiery Ind.
19. Infant's & Children's Wear Ind.
20. Iron and Steel Ind.
21. Leather
22. Lumber & Timber Prod. Ind.
23. Mason Contractors Industry
24. Men's Clothing Industry
25. Motion Picture Industry
26. Motor Bus Mfg. Industry (Dropped)
27. Needlework Ind. of Puerto Rico
28. Painting & Paperhanging & Decorating
29. Photo Engraving Industry
30. Plumbing Contracting Industry
31. Retail Food (See No. 42)
32. Retail Lumber Industry
33. Retail Solid Fuel (Dropped)
34. Retail Trade Industry
35. Rubber Mfg. Ind.
36. Rubber Tire Mfg. Ind.
37. Silk Textile Ind.
38. Structural Clay Products Ind.
39. Throwing Industry
40. Trucking Industry
41. Waste Materials Ind.
42. Wholesale & Retail Food Ind. (See No. 31)
43. Wholesale Fresh Fruit & Veg.

In addition to the studies brought to completion, certain materials have been assembled for other industries. These MATERIALS are included in the series and are also made available for confidential use within the Division of Review and for inclusion in Code Histories, as follows:

44. Wool Textile Industry
45. Automotive Parts & Equip. Ind.
46. Baking Industry
47. Canning Industry
48. Coat and Suit Ind.
49. Household Goods & Storage, etc. (Dropped)
50. Motor Vehicle Retailing Trade Ind.
51. Retail Tire & Battery Trade Ind.
52. Ship & Boat Bldg. & Repairing Ind.
53. Wholesaling or Distributing Trade

L. C. Marshall
Director, Division of Review

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THE BOOT AND SHOE MANUFACTURING INDUSTRY

Foreword

Published government data for this Industry are relatively abundant, and a large part of the statistical information contained in this report comes from government sources. Chief among these are the biennial and monthly data on manufacturing as prepared by the Bureau of the Census, the distribution data of the Wholesale and Retail Censuses for 1929 and 1933, the price and labor data of the Bureau of Labor Statistics, and the export and import statistics compiled by the Bureau of Foreign and Domestic Commerce. These data have been supplemented, where necessary, by those of private agencies.

As explained in Chapter I, the Code and Census classifications are virtually comparable. Except for the usual qualification that the biennial Census data do not include establishments having an annual production of less than $5,000, and for other minor limitations which are noted at the appropriate points, the Census data are considered applicable to the Industry as codified.

Chapter I

DESCRIPTION AND SCOPE

Definition of the Industry

The Code for the Boot and Shoe Manufacturing Industry defined the Industry as,

> "...comprising the manufacture of boots, shoes, sandals, slippers, moccasins, leggings, over-gaiters, and allied footwear chiefly of leather, and also footwear of canvas 1/ and other textile fabrics ...."

The Census of Manufactures classification "Boots and Shoes, Other Than Rubber" covers establishments,

> "...engaged in the manufacture of boots, shoes, sandals, slippers, moccasins, leggings, over-gaiters, and allied footwear, chiefly of leather, although footwear made of canvas 1/ and of other textile fabrics is also included."

With minor qualifications, due chiefly to the fact that the Census of Manufactures information does not cover establishments having an annual production valued at less than $5,000, the Census data may be considered to describe the Industry as defined in the Code.

Historical Background

The Shoe Industry in America had its beginning at Salem, Massachusetts, where two expert British shoemakers landed in 1629. Others followed, and gradually little shoe shops were established in towns north and south of Boston. Soon after the Revolution, some enterprising shoemakers began to employ others to work for them. During this period, the shoes were made by hand and usually to order for the individual customer.

The middle of the nineteenth century marked the advent of machinery in the Industry. It had been the custom to attach heels to shoes with wooden pegs, and in 1833 a machine was invented to joint the outer sole to the inner sole by means of these wooden pegs. This machine came into general use in 1857. About the same time, the Howe sewing machine to sew the uppers together was introduced. In 1861, McKay developed a machine, invented some years before, which sewed the sole through the inner sole. This machine did more than any other to modernize shoe manufacturing.

1/ There is a slight discrepancy between the Code definition of the Industry and the Census classification cited regarding rubber-soled footwear, particularly when made of canvas or other textile fabrics, but this does not seriously impair the comparability of the two classifications.

Between 1871 and 1875, Goodyear developed the method of sewing a welt, or narrow strip of leather, to the upper by the use of a curved needle, and then attaching the outersole to the welt. The Goodyear welt method has since become the most universally used in the Industry and produces a flexible, serviceable type of shoe.

The United Shoe Machinery Corporation was formed in 1905, bringing together under one management the manufacture of the different types of shoe machinery. Today it dominates the shoe machinery field. Its machinery is leased to all boot and shoe manufacturers on the same terms, which is one of the reasons why the Boot and Shoe Industry is made up of so many small units and is so highly competitive. As a result of this keen competition, prices on the finished product are low considering the value of the raw material and the skill required.1/

Another important development occurred in the Industry in 1929 when the Compo Shoe Machinery Corporation was organized for making and leasing machinery for cementing soles to shoe uppers.

Operations of the Industry

Leather is the principal material used in the manufacture of boots and shoes not made of rubber. The hides from which the leather is made comes from numerous states, particularly those west of the Mississippi River, and are tanned, curried, and finished in 30 states. Practically all of the sole leather and most of the upper and lining leather is produced in this country, but some is imported from European and other countries. Most of the imports are fancy upper and lining leathers.

The vast majority of the leather is purchased by the boot and shoe manufacturers either direct from the tanning companies or from their sales branches or subsidiaries. The principal leather markets of the United States are Boston, Chicago, New York, Philadelphia, and Cincinnati, probably in the order named. There is also a "middleman" who makes (from substances other than rubber) uppers, soles, top lifts, heels, tips, and other cut stocks, which he sells to the manufacturers of boots and shoes. The shoe manufacturers purchase most of their other materials, such as rubber heels, pegs, stay, staples, counters, shanks, wooden heels, fibre, composition, and textile materials, show lasts, patterns, and welting, direct from the factories specializing in these supplies. On the other hand, some few boot and shoe manufacturing firms, following policies of integrating their businesses, have tanning facilities for a large percentage of their leather requirements and also produce most of the necessary supplies within their organizations.

Shoe manufacturers in 1929 sold 44.8 per cent of the total value of their products direct to the retailers, 26.4 per cent through their own wholesale branches, and 6.2 per cent through their own retail outlets. Only

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1/ Few buyers realize that it takes two weeks to make a pair of shoes properly and that the average shoe passes through nearly two hundred hands in the making. No two pieces of leather are alike and various of the operations require skilled workmen.

about 0.8 per cent of all boots and shoes in the United States were sold direct to users by the manufacturers, and 21.8 per cent were sold to outside wholesalers, who in turn sold to retailers and consumers. (See Table XIII, Chapter IV, below.)

Total Number of Establishments

The manufacture of boots and shoes other than rubber has become one of the nation's most important manufacturing industries. According to the Census of Manufactures it ranked seventh in 1931 in number of wage earners and sixteenth in value of product. As shown in Table I below, the biennial Census reports indicated a total of 1,341 establishments in 1929, 1,156 in 1931, and 1,132 in 1933. The 1934 figures which, as explained in footnote a/ of Table I is not strictly comparable with the totals for the three other years, is 974, This decline in the number of establishments is attributed to the abandonment of unprofitable units, failures, and consolidations. It should also be noted that since the Census data do not cover establishments having an annual production of less than $5,000, establishments included in the 1929 or even the 1931 Census reports might be excluded from later ones because of declines in the value of their annual outputs. In 1929 about 750 operating companies owned the 1,341 establishments, whereas during 1934 around 700 concerns owned the 974 shoe-producing units. 1/

Size of Establishments

Most of the Industry's establishments are relatively small and independently owned. Approximately one-fourth of the establishments have no more than 20 workers, more than one-third employ fewer than 50, and at least one-half have fewer than 100 wage earners.2/ In most of the other plants, the number of employees ranges up 1,500.

The Census of Manufactures for 1929 shows a classification of establishments according to value of production as shown in Table I below. It will be seen that nearly half the total number of establishments has an annual production of less than $250,000.

1/ Number of companies estimated by National Boot and Shoe Manufacturers' Association; see Table I below for number of establishments.

2/ These generalizations are based on figures in Volume I of the Census of Manufactures for 1929.

TABLE I

Boot and Shoe Manufacturing Industry

Establishments Classified by Value of Production per Establishment, 1929

Value of Production per Establishment	Number of Establishments	Total Value of Production (Thousands)
$5,000 - 19,999	110	$1,238
20,000 - 49,999	141	4,791
50,000 - 99,999	132	9,507
100,000 - 249,999	245	41,300
250,000 - 499,999	238	86,194
500,000 - 999,999	215	151,152
1,000,000 - 2,499,999	182	286,373
2,500,000 - 4,999,999	56	187,206
5,000,000 and over	22	198,162
Total	1,341	$965,923

Source: Census of Manufactures, 1929, Volume I. Census data do not cover establishments with an annual production of less than $5,000.

Members of the Industry Classified by Size

No accurate data are available which can be used as a basis for classifying the members of the Industry according to the value or distribution, or the number of establishments which they own or control.

However, the annual output of the individual companies ranges from a few thousand pairs, valued at less than $5,000, to 45,000,000 pairs and over, valued at more than $60,000,000.1/ The number of factories owned or controlled by boot and shoe manufacturing concerns varies from one to almost 100. Several of the larger concerns owning more than one factory employ thousands of workers. The foremost of all, from standpoint of size, has almost 100 plants and employs about 30,000 men and women.

Number of Establishments by States

The Industry's establishments are located in 30 states and are, in both large and small communities.

The number of shoe-making establishments in each of the nine leading producing states is shown in Table II, below. The states shown in this table were the location of 89.6 per cent of the total number of establishments in 1929, 90.3 per cent in 1931, 90.2 per cent in 1933 and 88.1 per cent in 1934.

1/ Based on an examination of reports on large shoe companies published in Standard Statistics Co., Inc., Standard Corporation Records.

TABLE II

Number of Establishments,
by Leading States a/

State	Number of Establishments			
	1929	1931	1933	1934
U. S. Total	1,341	1,156	1,132	818 (974) b/
Illinois	65	60	60	47
Maine	42	38	51	48
Massachusetts	436	397	389	211
Missouri	61	49	49	76
New Hampshire	73	63	56	59
New York	323	266	246	133
Ohio	43	36	33	35
Pennsylvania	102	88	91	69
Wisconsin	57	47	46	43
Other States	139	112	111	97

Source: Data for 1929, 1931, and 1933 from Census of Manufactures, "Boots and Shoes, Other Than Rubber;" 1934 total from Bureau of Census tabulation for NRA, Research and Planning Division, giving data for the week ending October 3, 1934.

a/ The biennial Census data do not include establishments with an annual production of less than $5,000. The 1934 figures cover about 90 per cent of the Industry's total production.

b/ This total is the average of the revised monthly figures of the Bureau of the Census, which cover about 99 per cent of the Industry's production.

Members of the Industry Having Plants in More Than One State

An examination of the Shoe and Leather Reporter Annual for 1933 reveals that 28 shoe-manufacturing companies had factories in more than one state, as follows:

	22	companies owned	59	factories in	2	states
	3	" "	14	"	" 3	"
	1	" "	12	"	" 4	"
	2	" "	44	"	" 5	"
Total	28		129			

Capital Investment

Due to the practice of leasing machinery, the plant investment required in the Boot and Shoe Manufacturing Industry is relatively small, and most companies are conservatively capitalized. Estimates of capital investment in the Industy vary widely because of the conditions under which it operates.

The National Boot and Shoe Manufacturers' Association places the capital investment, i. e., stock and surplus as reported on the balance sheets, less outside investments, at $400,000,000 for the years 1929, 1931, 1933, and 1934. The New York Trust Company, in its "Index" of January, 1934, stated with reference to the Boot and Shoe Industry, "In properties and other equipment, the companies have invested approximately $175,000,000 figure remaining fairly stable, since depreciation or obsolescence on this type of investment is properly figured at lower rates than is customary when machinery is included in the total of fixed investment."

Number of Failures

A special tabulation by Dun and Bradstreet contains the following information on failures among boot and shoe manufacturers:

TABLE III

Number of Failures and Liabilities

Year	Number of Failures	Amount of Liabilities
1929	31	$1,384,429
1931	67	2,075,435
1933	38	1,987,109
1934	43	1,298,174

Source: Dun and Bradstreet, special tabulation for NRA, Research and Planning Division, May, 1935.

Financial Condition

Corporation Income Tax Returns Data - That the average profit is small in relation to the volume of business and to capital invested in the Boot and Shoe Manufacturing Industry, is indicated by a summary of corporation income tax returns which gives the average for the years 1926 to 1930, inclusive. Of 1,255 concerns engaged in the production of boots, shoes, cut stock, and findings, 669 reported total profits of $51,149,000, representing 6.4 per cent return on their volume of sales before Federal taxes, or about 5.6 per cent after deduction of Federal taxes. Firms numbering 586 reported a total loss of $16,814,000, equivalent to 7.3 per cent of their volume of sales.

The five years' average profit for all reporting concerns represented a net profit of sales before deduction of Federal taxes, or approximately 8.5 per cent on the invested capital. After Federal taxes were deducted from the profits of concerns reporting a net income, the total net profit amounted to about 6.9 per cent of the total invested capital. 1/

Income tax returns of 1,127 comparable concerns for 1932 reveal that 298 had a total net income of $15,167,000, whereas 829 reported an aggregate deficit of $26,912,000. 2/ Unfortunately the data which would permit computation of the percentage return on volume and invested capital are not available.

1/ Taken from statement made by J. F. McElwain at public hearing in September, 1933.
2/ Taken from letter of March 14, 1935, from Office of Commissioner of Internal Revenue to the National Boot and Shoe Manufacturing Association.

Dun and Bradstreet Data - Although both gross and net income have diminished as a result of lower prices, boot and shoe manufacturers, as a whole, have not fared so badly during the depression as most other industries. Production has been well sustained and lower costs of materials and increased efficiency of operation have tended partially to offset the trend toward reduced profits. Nevertheless, a survey completed by Dun and Bradstreet early this year shows that though the shoe output of the factories in the United States in 1934 and only 1.2 per cent under the 1929 total, profits in these two years were sharply out of alignment. In fact, profits of some of the large manufacturers were smaller in 1934 than in 1933. This decrease was attributed in part to Code provisions which added to production costs, but a more serious factor was the collapse in hide and leather prices during the early part of the summer.

National City Bank Data - The National City Bank of New York, in its Monthly Letter of April, 1935, has summarized the profits of a representative sample of all branches of the Shoe Manufacturing Industry for the years 1933 and 1934. This shows that the net profits of 18 concerns after depreciation, interest, taxes, and other charges and reserves, but before dividends, increased from $12,359,000 in 1933 to $13,408,000 during 1934, or 8.5 per cent, while the net worth, that is, book value of outstanding preferred and common stock and surplus account at beginning of each year, declined from $180,618,000 to $169,243,000, or 6.3 per cent. The per cent return on net worth was 6.8 in 1933, compared with 7.9 in 1934.

Standard Statistics Data - Standard Trade and Securities for May 22, 193 present operating comparisons for the three largest shoe manufacturers. With regard to net income it gives the following date:

Index of Net Income
(1928 = 100)

	1929	1931	1933	1934
International Shoe Company	108.2	61.9	57.7	57.0
Endicott Johnson Corporation	77.0	78.2	59.8	60.2
Brown Shoe Company	119.9	93.4	99.0	78.5
Composite	101.7	77.8	72.2	65.2

Ratio of Net Income to Sales
(Per Cent)

International Shoe Company	12.9	11.2	12.9	11.6
Endicott Johnson Corporation	4.1	5.3	4.3	3.9
Brown Shoe Company	4.7	5.1	6.0	4.3
Composite	7.2	7.3	7.7	6.6

Ratio of Net for Fixed Charges
to Invested Capital
(Per Cent)

International Shoe Company	17.3	9.1	10.9	11.9
Endicott Johnson Corporation	6.8	7.8	6.6	6.6
Brown Shoe Company	12.1	8.7	9.4	7.3
Composite	12.1	8.5	9.0	8.6

Value of Production

The total value of products for the entire Industry 1/ decreased from about $965,923,000 in 1929 to about $553,425,000 in 1933. The total for 1934 is estimated at $600,000,000, as explained in the source for Table IV, which gives the value of production by principal product groups for the years 1929, 1931, 1933, and 1934. It will be noted that since this breakdown is not available for the group of products "not normally belonging to the Industry" the totals given in this Table are somewhat smaller (as explained in footnote d/) than the total value figures for all products given just above.

Women's shoes accounted for nearly half the total value of production in 1929 and 1933, and mens' shoes were the next most important group. The decline in value between these two years was greatest for the youths' and boys' group, the value of which dropped more than 50 per cent.

TABLE IV

Value of Production by Principal Product Groups a/
(In thousands)

Product Group	1929	1931	1933	1934
Men's	$312,511	$203,503	$171,243	b/
Youths' and Boys'	49,091	31,112	22,625	b/
Women's	432,262	295,068	238,119	b/
Misses' and Children's	77,707	57,347	45,517	b/
All Others c/	91,291	65,514	74,629	b/
Total	962,862 d/	652,545 d/	552,133 d/	$600,000

Source: Data for 1929, 1931, and 1933 from Census of Manufactures, "Boots and Shoes, Other Than Rubber." The 1934 figure is estimated from pairage production as reported in the monthly releases of the Bureau of the Census covering 99 per cent of the Industry's total production, and the Bureau of Labor Statistics wholesale price index for "Boots and Shoes" as published in its bulletins Wholesale Prices.

a/ The biennial Census data do not include establishments with an annual production of less than $5,000.

b/ Data not available.

c/ Consists of infants', athletic and sporting, canvas and other textile fabrics footwear, and slippers for housewear, leggings, overgaiters, puttees, and "Other footwear."

d/ Does not include value of other products (not normally belonging to the Industry) and receipts for contract work. These items amounted to $3,060,666 in 1929, $1,334,898 in 1931, and $1,291,936 in 1933.

1/ Including value of other products (not normally belonging to the Industry) and receipts for contract work.

Volume of Production

It is important to note that in all parts of the world shoemaking is one branch of the consumer goods industries which, although experiencing price declines, has presented a record of relatively constant production during the recent years of economic adversity. As shown in Table V, below, the total number of pairs of boots, shoes, and slippers produced was 371,208,000 in 1929, 316,057,000 in 1931, 349,573,000 in 1933, and 357,119,000 in 1934. Table V also presents data for the principal product groups from which it may be seen that on a volume as well as a value basis the most important group consisted of women's shoes, with the men's group occupying second place.

TABLE V

Volume of Production, by Principal Product Groups a/
(In Thousands of Pairs)

Product Group	1929	1931	1933	1934
Men's	100,747	79,152	87,022	91,387
Youths' and Boys'	22,616	19,524	17,001	17,348
Women's	136,010	115,261	126,985	133,045
Misses' and Children's	44,206	42,352	44,805	34,521
All Others b/	67,629	59,768	73,760	80,818
Total	371,208	316,057	349,573	357,119

Source: Data for 1929, 1931, and 1933 from Census of Manufactures, "Boots and Shoes, Other Than Rubber;" the 1934 data from monthly rotoprint releases of the Bureau of the Census.

a/ The biennial Census data do not include establishments with an annual production of less than $5,000. The 1934 figures cover about 99 per cent of the Industry's total production.

b/ Consists of infants', athletic and sporting, canvas and other textile fabrics footwear, and slippers for housewear. 1933 includes a group "not reported in detail." Quantity figures are not available for leggings, overgaiters, puttees, and "other footwear", the values of which are included in Table IV.

Productive Capacity

Burdensome over-capacity and production beyond actual consumptive requirements is largely non-existent. In fact, it is understood that, due to the shortening of hours under the Code, the demand for key shoe machinery has recently been greater than at any time during the past 10 or 12 years.

Rental payments on the machinery hired are based upon the output of the machines, and this is an important factor in holding production in line with consumption. Inasmuch as rental payments would rise proportionately with production, there is little incentive to manufacture shoes for stock, and a policy has been fostered of producing largely against orders. Moreover, because of the seasonal character of the Industry, practically the entire installed capacity is needed to meet the normally heavy demand during the

spring and fall peaks, while there is little or no excessive production during the slow between-season intervals.

Late in 1933, a past president of the National Boot and Shoe Manufacturers' Association completed a careful study 1/ of production and machine capacity in the Industry during the years 1922 to 1933, inclusive. By taking the peak month's production for each year and raising it to an annual basis, he arrived at an average production capacity of 396,000,000 pairs per year. He also obtained a production estimate by adding the estimated daily capacity of all shoe manufacturers listed in the American Shoemaking Directory. The estimate was 551,000,000 pairs per year. The listed capacities are known to be high, however, as practically all the concerns, especially the medium-sized and smaller ones, tend to overestimate their capacity production.

The actual highest monthly production on record -- in October, 1929 -- was 37,191,000 pairs, a rate of nearly 450,000,000 pairs per annum. Using this figure and the admittedly high capacity as estimated from the Directory, the Industry was found to be theoretically over-machined by about 22 per cent. It was pointed out, however, that production peaks and valleys for all types of shoes must be taken into consideration when estimating machinery requirements of shoe factories.

Practically all types of shoes require special machines in some stages of manufacture. In order, therefore, to handle production of all types, it is necessary to have sufficient machines of various classes. Seasonal demands for men's, women's and other kinds of shoes vary considerably, and manufacturers are not in a position to determine in advance which kinds will sell best or to estimate the quantities which will be needed. For this reason it is essential for them to have an excess of machinery on hand at all times to take care of sales requirements.

The conclusions drawn from the above-mentioned study were that the Boot and Shoe Manufacturing Industry as a whole, from a practical viewpoint, has very little excess productive capacity and is not over-producing to any great extent.

Competing Industry

The only industry whose products compete with those of boot and shoe manufacturers is the Rubber Footwear Division of the Rubber Manufacturing Industry, which produces "water-proof and canvas rubber-soled footwear," such as rubber boots, rubbers, gum footwear, arctics, and canvas rubber-soled foot-wear where the soles are molded on to the uppers.

Use of Product

The products of the Industry are finished articles, ready for use by the consumer and, therefore, are not used by other industries in the manufacture or marketing of their output.

1/ Shoe Manufacturing - Production and Machine Capacity (December 28, 1933).

Chapter II

LABOR STATISTICS

Total Number of Employees

The average number of wage earners in the Industry during 1929 was 205,640, as compared with 181,374 in 1931, and 190,914 in 1933. For 1934 the total has been estimated at 199,700. (See Table VII, below.)

Seasonality of Employment

The seasonal demand for different kinds of shoes varies considerably, but generally the highest production peak for the Industry as a whole occurs in August and September and the next highest March. This variation in operations arises largely from style requirements, particularly in women's shoes. Styles, leathers, and colors that will be in demand for a given season cannot be foretold long in advance. Between seasons, shoe manufacturers produce to some extent for stock, but confine themselves largely to staple lines.

The effect of the seasonal fluctuations in the Boot and Shoe Manufacturing Industry on its employment may be seen in the following table:

TABLE VI

Estimated Average Number of Employees,
by Months, 1933 and 1934
(In thousands)

Month	Estimated Number of Wage Earners	
	1933	1934
January	175.6	185.5
February	187.1	205.6
March	186.7	211.6
April	184.9	211.6
May	185.3	209.5
June	191.2	199.3
July	206.1	204.2
August	213.0	210.8
September	206.9	196.2
October	202.3	188.8
November	176.6	183.0
December	174.0	190.2
Average	190.8	199.7

Source: Data derived from Bureau of Labor Statistics index of factory employment for "Boots and Shoes", as published in the Trend of Employment; adjusted to 1933 Census totals by NRA, Research and Planning Division.

Number of Employees by States

The average number of wage earners employed in each of the nine leading producing states is shown in Table VII. Manufacturers in these states employed 92.2 per cent of the total wage earners in 1929, 92.3 per cent in 1931, 90.6 per cent in 1933, and 89.7 per cent in 1934.

TABLE VII

Number of Wage Earners,
by Principal Producing States a/

State	1929	1931	1933	1934
U. S. Total	205,640	181,374	190,914	176,852 (199,700)b/
Illinois	14,725	13,526	15,759	14,180
Maine	9,967	9,138	11,695	10,798
Massachusetts	55,093	47,664	46,739	36,417
Missouri	24,903	19,878	22,138	25,347
New Hampshire	14,544	13,847	11,593	11,611
New York	36,980	33,804	33,769	28,783
Ohio	12,258	10,739	11,206	11,449
Pennsylvania	10,429	9,297	10,077	10,047
Wisconsin	10,755	9,589	10,037	9,994
Other States	15,986	13,892	17,901	18,226

Source: Data for 1929, 1931, and 1933 from Census of Manufactures, "Boots and Shoes, Other Than Rubber"; 1934 data from special Bureau of Census tabulations for NRA, Research and Planning Division, giving data for the week ending October 13, 1934.

a/ The Biennial Census data do not include establishments with an annual production of less than $5,000. The 1934 data cover about 90 per cent of the Industry's total production.

b/ This total is estimated from the Bureau of Labor Statistics index of factory employment for "Boots and Shoes", as published in the Trend of Employment adjusted to 1933 Census totals by NRA, Research and Planning Division.

Total Annual Wages

Total annual wages paid by the Industry fell from $222,407,732 in 1929 to $142,054,152 in 1933, but advanced to an estimated $166,920,000 in 1934, as shown in Table VIII, below.

Annual Wages by States

Total annual wages paid in each of the nine leading producing states are presented in Table VIII. These states paid 93.6 per cent of the total annual wages in 1929, 93.8 per cent in 1931, and 92.1 per cent in 1933.

TABLE VIII

Annual Wage Payments by States a/
(In thousands)

State	1929	1931	1933	1934
U. S. Total	$222,408	$163,271	$142,054	$166,920
Illinois	13,434	9.652	9,580	b/
Maine	9,289	7,515	8,141	b/
Massachusetts	64,205	45,679	36,559	b/
Missouri	23,265	16,193	14,785	b/
New Hampshire	14,943	12,511	9,245	b/
New York	49,266	37,764	31,133	b/
Ohio	12,300	8,638	7,232	b/
Pennsylvania	10,108	7,446	6,628	b/
Wisconsin	11,376	7,725	7,537	b/
Other States	14,221	10,147	11,215	b/

Source: Data for 1929, 1931, and 1933 from Census of Manufactures, "Boots and Shoes, Other Than Rubber." The 1934 total is estimated from Bureau of Labor Statistics index of factory payrolls in "Boots and Shoes," as published in the Trend of Employment, adjusted to 1933 Census totals by NRA, Research and Planning Division.

a/ Census data do not include establishments with an annual production of less than $5,000.

b/ Data not available.

Percentage Labor Cost Is of Value of Product

Total factory payrolls of the Industry in 1929 were equivalent to 23.0 per cent of the total value of product, 25.0 per cent in 1931, and 25.7 per cent in 1933. The percentage is estimated at 28 for 1934.1/

Average Hourly Wages and Hours Worked Per Week

The average hourly wage decline from 49.3 cents in 1929 to 38.8 during 1933, and then returned to 49.3 cents in 1934. The average number of hours worked per week fell from 44.3 in 1929 to 39.8 in 1933, and still further to 34.9 in 1934.2/

Bulletins issued by the Bureau of Labor Statistics give the following data on average hours worked and average hourly wages in the Industry in sixteen states.

1/ Computed from data in Tables IV and VIII above.

2/ 1929 wage and hour data from National Industrial Conference Board Service Letter; 1933 and 1934 data from Bureau of Labor Statistics, Trend of Employment. The 1929 figures were adjusted by NRA, Research and Planning Division, so as to be comparable with the B.L.S. figures.

TABLE IX

Average Hours Worked and Average Hourly Earnings, in 16 States, 1930 and 1932

State	Average Hours Worked Per Week		Average Hourly Earnings (Cents)	
	1930	1932	1930	1932
Illinois	43.6	47.5	49.9	34.2
Kentucky	50.0	47.2	35.3	28.2
Maine	47.2	46.3	44.2	38.0
Maryland and Virginia	37.1	44.8	41.8	29.8
Massachusetts	40.4	41.1	57.9	47.0
Michigan	44.9	36.9	45.6	42.6
Minnesota	43.4	44.6	42.2	35.4
Missouri	45.4	39.3	45.1	38.4
New Hampshire	39.4	37.1	43.7	37.2
New Jersey	42.3	31.9	62.8	55.9
New York	43.6	37.8	56.9	45.7
Ohio	35.8	40.7	47.7	38.9
Pennsylvania	43.9	39.2	44.3	34.6
Tennessee	46.4	36.8	35.9	32.2
Wisconsin	43.8	36.2	51.3	41.2
Average of above states	42.4	40.4	51.0	41.2

Source: Bureau of Labor Statistics, Wages and Hours of Labor in the Boot and Shoe Industry (Bulletins No. 551 and 579). These studies were based upon a 29 per cent sample, by number of wage earners, in 1930, and a 28 per cent sample in 1932.

Weeks Worked Per Year

No reliable information is obtainable in the average number of weeks worke per year per employee. Moreover, if the data were available, it would be impracticable to strike an average because of the wide variation of working hours within the Industry. Although 240 working days, or 48 weeks of 5 days each, are regarded by the Industry as a normal year, it is understood that the number of weeks worked ranges from 20 to 50.

Employees Under 16 Years of Age

There were 2,182 workers between 10 and 15 years of age, inclusive, listed in the Census of Occupations as employed in the Industry during 1930, of which 1,841 were operatives and 341 laborers. Comparable information for later years cannot be secured. It should be noted that these data do not refer to the number actually employed but rather to those reporting themselves as belonging, by occupation, to this Industry.

Other Relevant Wage-Earner Data

Analysis of the monthly reports for February, 1934, and 1935, prepared by the Bureau of the Census for the Industry's formed Code Authority, revealed that male wage earners, while comprising only 55 per cent of the total number of employees and working slightly in excess of that percentage of all man-hours worked, received almost 64 per cent of the aggregate wages paid by the Industry. It also disclosed that about 46 per cent of the total number of employees were located in towns of less than 20,000 population, 27 per cent in cities and towns of 20,000 to 250,000, inclusive, and 22 per cent in cities with more than 250,000 inhabitants. Five per cent of the total were in the Southern States. Operatives represented approximately 92 per cent of all employees; and 80 to 85 per cent of the total number of shoe workers were compensated in a piece-rate basis.

Chapter III

MATERIALS: RAW AND SEMI-PROCESSED

Principal Materials Used

The principal materials used in the manufacture of boots and shoes other than rubber are sole and upper leather produced from cattle hides; upper leather from calf, kip, and kid skins; boot and shoe cut stock; leather, wood, and rubber heels; boot and shoe findings, such as counters, shanks, laces and pegs; and textile fabrics. In marketing the Industry's products, paper boxes, fibre and wood cases are used.

It may be added here that there is a definite tendency in the Boot and Shoe Industry toward greater use of fabric uppers, leather substitutes, rubber heels, and rubber and composition soles.

Total Cost of Materials

According to the Census of Manufactures, the total cost of materials, including fuel, containers, and purchased electric energy (which usually aggregates about 1 per cent of the total) fell from $515,055,000 in 1929 to $337,-627,000 in 1931, and then to $286,303,000 during 1933.

Data showing the total value of production of those materials used principally by the Industry are shown in Table X, below. (Volume data are not available.) As explained in footnote a/, these data do not pertain to actual purchases of materials by the Boot and Shoe Industry, but to the total production value of the items listed as reported by the Census. Since the bulk of these materials is used by the Boot and Shoe Industry, the data may be taken as a rough approximation of the "cost of materials used."

TABLE X

Value of Production of Principal Raw Materials Used,
by Principal Kinds a/
(In thousands)

Kind	1929	1931	1933
Sole leather	$97,906	$57,205	$40,472
Upper leather, not including patent	185,202	107,985	102,661
Boot and shoe cut stock	133,448	79,734	56,280
Boot and shoe findings	58,625	37,366	37,014
Patent leather, other than upholstery	24,840	11,430	7,400

Source: Data assembled from sections of Census of Manufactures reports on "Leather Goods; Tanned, Curried, and Finished;" and "Boot and Shoe Findings." Establishments having an annual production of less than $5,000 are not included.

a/ The figures do not actually represent the amount of materials sold to boot and shoe manufacturers. Part of the leather is sold to manufacturers. Part of the leather is sold to manufacturers of cut stoc who process it and sell their finished product to boot and shoe manufacturers. The cost of the leather so processed is thus included twice in the above tabulation..Also, a part of the boot and shoe findings is sold to shoe repair shops. No data are available, however, on which to arrive at more precise figures for cost of raw materials in the Boot and Shoe Industry.

Relation of Cost of Materials to Total Value of Product

According to Census of Manufactures data, materials represented 53.3 per cent of the total value of product in 1929, 51.6 per cent in 1931, and 51.7 per cent in 1933. No comparable information is available for 1934.

A Dun and Bradstreet survey of 48 manufacturers of shoes in 1933 disclose that the average cost of "raw materials in sales" for the 33 firms which reported a net profit for that year was 43.3 per cent, while it was 48.9 per cent for the 15 companies reporting a net loss.

Source of Raw Materials

About 90 per cent of the domestic production of leather is consumed in this country, of which 85 to 90 per cent is utilized by the Boot and Shoe Industry. A relatively small amount of leather, mostly calf, kip, goat, and kid for linings and uppers, and fancy leathers, is imported from France, Great Britain, Germany, and other countries.

Of the leather produced in this country which is used by this Industry, it is estimated that in 1931 Pennsylvania furnished about 22 per cent; Massachusetts, 19 per cent; New York, 12 per cent; New Jersey, 8 per cent;

Illinois, 8 per cent; and the other 23 leather-producing states the remainder. Massachusetts supplied approximately 34 per cent of the boot and shoe cut stock; Illinois, 4 per cent; New York, 1 per cent; and the other 12 states which produced this material the remaining 61 per cent.1/

Massachusetts also provided about 52 per cent of the boot and shoe findings. New York was next in this production with 12 per cent, then New Hampshire with 10 per cent, Missouri with 7 per cent, and Pennsylvania with 5 per cent. The 14 other states in which these items were were manufactured account for the balance of 16 per cent.1/

Machinery and Equipment

Approximately 90 per cent of all the actual shoe-making machinery and equipment is leased. Most of it is leased from the United Shoe Machinery Corporation which has gradually assembled under its ownership the McKay sewing, Goodyear welting, and other patents and processes essential to the Industry. Tental payments are in direct proportion to the output of each machine, and the rates are fairly uniform throughout the country. They range from 4/10,000 of one cent to ½ cent per pair for each specific operation, and probably average about 5 cents per pair of shoes.

Almost 7 years ago the Compo Shoe Machinery Corporation was organized for the purpose of manufacturing and leasing machinery, primarily for cementing soles to shoe uppers. The number of pairs of shoes produced on equipment of this company has increased rapidly from year to year, and, in 1934, amounted to about 9 per cent of the total boot and shoe output of the United States.2/

Practically all the machinery and equipment leased by these two corporations is made in Massachusetts.

1/ Estimated from Census of Manufactures reports for 1931 on "Leather Goods: Tanned, Curried, and Finished," "Boot and Shoe Cut Stock," and "Boot and Shoe Findings."

2/ Ratio of production on Compo Shoe Machinery (as shown in a letter received by NRA from the Company) to total production, as shown in Table V, above.

CHAPTER IV

PRODUCTION AND DISTRIBUTION

Value and Volume of Production in Leading Production States

The tabulations below show the value and volume of production of boots, shoes, and slippers, other than rubber, in each of the leading production states. The eight leading production states produced 87.2 per cent of total value of products in 1929; the nine leading production states produced 92.2 per cent in 1931, and 90.8 per cent in 1933.

TABLE XI

Value of Production by Principal States a/
(In Thousands)

States	1929	1931	1933	1934
U. S. Total	$958,690b/	$650,586b/	$553,425c/	$600,000
Illinois	73,105	51,994	46,117	d/
Maine	38,752	27,415	30,671	d/
Massachusetts	239,820	159,907	128,074	d/
Missouri	133,781	86,232	73,201	d/
New Hampshire	66,630	49,946	35,168	d/
New York	187,458	127,493	99,401	d/
Ohio	d/	33,957	30,971	d/
Pennsylvania	41,492	27,802	25,009	d/
Wisconsin	55,108	34,897	34,119	d/
Other States	122,544	50,943	50,694	d/

Source: Data for 1929, 1931, and 1933 from Census of Manufactures, "Boots and Shoes, Other Than Rubber." The 1934 figure is estimated from pairage production as reported in the monthly releases of the Bureau of the Census covering 99 per cent of the Industry's total production, and the Bureau of Labor Statistics wholesale price index for "Boots and Shoes" as published in its bulletins Wholesale Prices.

a/ The biennial census data do not include establishments with an annual production of less than $5,000.

b/ Does not include the value of leggings, overgaiters, puttees, and "other footwear" which were not distributed by states.

c/ Represents value of all products of the Industry, including the value of products not normally belonging to the Industry and receipts for contract work.

d/ Data not available.

TABLE XII

Volume of Production by Principal States for Specified Years, 1919-1934 a/

State	In Thousand Pairs					Per Cent Change	
	1919	1929	1931	1933	1934	1919 to 1934	1929 to 1934
U. S. Total	331,225	371,519b/	316,162b/	350,382	357,119	+7.8	-3.9
Illinois	10,639	28,230	22,486	26,476	27,759	+161.0	-1.7
Maine	19,175	16,354	14,906	20,209	20,966	+9.3	+28.1
Massachusetts	116,993	86,811	75,673	74,982	71,614	-38.8	-17.5
Missouri	26,362	49,618	39,184	43,523	43,798	+166.0	-11.8
New Hampshire	22,701	26,166	23,875	21,232	24,285	+7.0	-7.0
New York	62,773	81,308	72,699	77,058	80,630	+28.5	-0.7
Ohio	17,870	c/	11,260	13,604	14,075	-21.2	c/
Pennsylvania	23,617	18,176	14,345	17,664	18,569	-21.4	+2.2
Wisconsin	11,142	18,430	13,462	17,864	15,798	+41.7	-14.5
Other States	19,952	46,426	28,272	37,770	39,625	+98.6	-14.5

Source: Data for 1929 and 1931 from Census of Manufactures "Boots and Shoes, other than Rubber;" for 1933 and 1934 from Bureau of the Census, monthly rotoprint releases.

a/ The biennial Census data do not include establishments having an annual production of less than $5,000. The 1934 data cover about 99 per cent of the Industry's total production.

b/ Includes ballet slippers not shown in Table V above.

c/ Data not available.

Geographical Shift in Production

Since the beginning of the twentieth century there has been a movement toward a decentralization of boot and shoe production, from the older, traditional centers to the South and Middlewest, for the purpose of establishing a closer proximity between sources of supply and the major markets to be served. For example, the percentage of the nation's volume of shoes produced in Massachusetts has decreased from 47.2 in 1899 to 22.3 per cent in 1925. Since then it has declined at a much slower rate, from 23.4 per cent in 1929 to 20.0 per cent in 1934. 1/

The most significant change between 1929 and 1934 is the 28 per cent increase in production in Maine while production in most other states declined. However, the comparison in Table XII, supra, between 1919 and 1934 shows plainly the shift from Massachusetts, Pennsylvania, and Ohio to other states--particularly to Illinois, Missouri, and Wisconsin.

Shipments Out of Each State

No data were secured on the value and volume of products shipped out of each state, or on the shipments of wholesalers in each state to retailers located in other states.

Methods of Distribution

The distribution of boots and shoes is accomplished by direct sales contact between manufacturers and independent retailers, wholesalers, and chain-store buyers, and by the operation of wholesale businesses and retail stores directly by the manufacturer. The relative significance of these outlets may be seen from the following table, which is based upon the value of factory sales ($964,542,000) in 1929:

TABLE XIII

Relative Importance of Different Types of Distributing Agencies, 1929

Type	Per Cent of Total
Retailers	44.8
Manufacturers' Own Wholesale Branches	26.4
Wholesalers	21.8
Manufacturers' Own Retail Branches	6.2
Bulk and Household Consumers	0.8
Total	100.0

Source: Census of Distribution, "Shoe Retailing" (Distribution No. R-80).

1/ Based on Census of Manufactures reports.

In 1933 there were 496[1] wholesale establishments whose major line of merchandise was "Shoes and other Footwear," compared with 756 in 1929.[2] Of those covered by the 1933 survey, 363 were wholesaler merchants, 70 manufacturers' sales branches, and 33 manufacturers' agents. The sales branches disposed of approximately 46 per cent of the total net amount, while the wholesaler merchants were credited with 43 per cent of the aggregate. The remaining business was transacted by manufacturers' agents, selling agents, commission merchants, brokers, and others.[1] Of the total number of wholesale establishments in 1929, 752, or 99.5 per cent, were located in 34 states. About 80 per cent of all wholesale establishments whose major line of merchandise was shoes and other footwear were situated in 8 states during 1933.[1]

There were, in 1933, 157,816 retail establishments listed for the various kinds of stores selling shoes and other footwear,[3] contrasted with 195,773 in 1929.[4] The 1933 total consisted of 85,839 country general stores, 34,122 general merchandise and dry-goods stores, 18,836 shoe stores, 9,710[5] men's clothing and furnishing stores, 5,765 family clothing stores, and 3,544 department stores. Shoe stores accounted for about 58 per cent of all sales of shoes and other footwear in 1929; department stores for approximately 17 per cent; country general stores, for about 9 per cent; general merchandise and dry-goods stores, 6 per cent; catalog mail-order houses, 3 per cent; and other stores the remainder.[6] All states had shoe stores and department stores, the combined shoe sales of which aggregated $1,015,125,000 in 1929, or slightly more than 80 per cent of the total of $1,265,012,000 for all shoes and footwear, of which only about 6 per cent consisted of rubber footwear.[6]

About three-fourths of the 24,259 shoe stores in existence during 1929 were operated by one, two, and three-store independents, and the other quarter by 320 chains.[6] Total shoe sales of the independents represented approximately 54 per cent,[6] but more recent information indicates that an increasing ratio is being sold through chain stores. The 6,099 shoe stores operated by chains are divided as follows: local, sectional, and national, 5,250; manufacturer-controlled chains, 375; and leased-department chains, 474.[6] Most

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1/ U. S. Summary of Wholesale Trade, Census of American Business, 1933; data do not include establishments doing an annual business of less than $1,000

2/ Census of Wholesale Distribution, 1929.

3/ This and the following figures are for the total number of stores in the categories selected, but it must be remembered that not all the individual stores within these categories--as, for example, men's clothing stores--actually sell shoes.

4/ 1933 data from U. S. Summary of Retail Trade, Census of American Business, 1933, and 1929 data from Census of Retail Distribution, 1929.

5/ Estimated.

6/ Census of Distribution, Shoe Retailing (Distribution No. R-80).

manufacturer-controlled and leased-department chains are national in scope and, like the nation-wide chains, are operated mostly in large cities.

Exports[1]

Exports of footwear, other than rubber, from the United States had an aggregate value of $11,648,000 in 1929; $4,352,000 in 1931; $1,379,000 in 1933; and $1,897,000 in 1934. The numbers of pairs exported in these years were 4,807,000; 2,321,000; 832,000; and 1,001,000, respectively.

Nature of Advertising

Boots and shoes are advertised in trade journals, magazines, newspapers, theatre programs, billboards, car cards and by other media, both nationally and locally. In many instances the manufacturer contributes all or part of the cost of his customers' advertising.

Trade-Marks

A small percentage of boots and shoes are trade-marked but there seems to have been an increase in the use of trade-marks during 1934. In the opinion of officials of the National Boot and Shoe Manufacturers' Association, not more than 20 per cent of all boots and shoes produced in the United States carry the trade-mark of the manufacturer. Moreover, there is comparatively little national advertising which contains these means of identification, and it is sporadic.

Evidence of Interstate Commerce

With regard to the interstate character of the Industry it might be well to note a few general statements taken from Moody's Manual of Industrials for 1934. A shoe-manufacturing firm in Massachusetts, maker of a well-known trade-marked brand for men and women, operated 51 retail stores throughout the nation. Another concern in that state operated 125 shoe stores in various cities of the country and, in addition, did a steady business with 6,000 retailers in nearly every town in the United States.

A shoe manufacturer in New York State has its own stores in different parts of the country, and sells the balance of its output direct to the retail trade. It maintains foreign distributing agencies in France, Norway, Cuba, and the Philippines. A manufacturer in Missouri sells under 8 names, a general line of men's, women's, and children's shoes, and operates 40 factories in 35 cities in 4 states, as well as 9 tanneries in 5 states, a rubber plant, and a cotton mill. It also has 12 sales branches in 4 states which sell direct to more than 70,000 retailers in the United States.

Standard Trade and Securities for May 22, 1935 cited a large manufacturing company which at the beginning of 1935 had "333 stores in operation, in most important sections east of the Rockies." Another company, which purchased practically all of its shoe requirements from outside manufacturers, owned some 570 retail stores in all important markets east of Denver.

1/ Compiled from Bureau of Foreign and Domestic Commerce, Foreign Commerce and Navigation of the United States for the respective years.

Chapter V

TRADE PRACTICES

Unfair Practices Prior to Code

The more important unfair trade practices which were prevalent in the Boot and Shoe Manufacturing Industry before the Code became effective were excessive discounts,--particularly to chain stores and other large buyers,--and long-term credits; numerous style shows promoted by various organizations, which were costly to the manufacturers; contributions by manufacturers of all or part of customers' advertising, which in many cases were not used for advertising at all; supplying special cartons and labels to customers without additional charge; unjustifiable returns; excessive claims, unfair cancellation of orders; misbranding and misleading advertising; and selling below individual cost.

Most of these unfair trade practices were detrimental to the manufacturers, many of whom were compelled to cheapen their products in an attempt to secure a fair margin of profit, for the Industry is known for its small average profit in relation to the volume of business and capital invested. In turn, the consumers were affected through the use of inferior materials and lower-grade workmanship.

Unfair Trade Practices Under the Code

The trade practice provisions of the Code were not very effective in eliminating the unfair practices set forth above. It is known that the maximum trade terms were subverted or evaded, that contributions to customers for advertising were made, that special cartons were furnished buyers, and that misbranding and misleading advertising was used. Furthermore, there was only a small decrease in the number of style shows sponsored by the different regional and local groups.

The practices of returning goods to the manufacturer without proper justification, of making excessive claims on him, and cancelling orders unfairly were mitigated considerably by increased use of the National Boot and Shoe Manufacturers' Association's credit information service. The provisions referring to selling below cost were ineffectual, partly because a large majority of boot and shoe manufacturers did not know how to figure costs. Moreover, necessary exceptions for obsolete and distressed merchandise and for other causes complicated the cost problem.

One outstanding reason for the disregard by some members of the Industry of the Code trade regulations,--was their feeling that others were not complying. This feeling in many instances was encouraged by the practice of retailers in telling manufacturers that they were the only ones in compliance; that other manufacturers did not comply.

Spread of Unfair Practices

An instance of an unfair competitive practice which spread from one area to another was in the practice of shipping merchandise 30 to 60 days or

longer, prior to the delivery date specified on the order. This practice was first adopted principally by the larger mid-western shoe manufacturers, but the trade soon learned the trick of obtaining orders marked for delivery two or three months ahead, "with privilege of shipping earlier" under-scored, meaning that immediate delivery would be insisted upon. This procedure gathered momentum quickly in all parts of the country. The practice has been ruinous to the small manufacturers, but advantageous to the large producers, it is claimed by members of the Industry.

An instance of another unfair practice which spread was in the establishment of vocational shoe-manufacturing schools and "cooperative factories." For example, a school was set up in Maine, and although it was aided by civic authorities, the control of output was in the hands of a shoe manufacturer. This method of subverting certain Code provisions was subsequently adopted in other sections of the nation. Similarly, "cooperative factories" were set up, first in the New York area, then in New England and other regions.

National Price Structure

The Boot and Shoe Manufacturing Industry is known to be highly competitive, with each producing center rather complete insofar as kinds, types, qualities, and price range are concerned. In addition, the products of most manufacturers are distributed nationally and these products meet in the more important markets. In consequence, the prices of individual members of the Industry and of producers in a given area have a direct effect upon the national price structure of the Industry.

Chapter VI

GENERAL INFORMATION ON THE INDUSTRY

Trade Associations

The National Boot and Shoe Manufacturers' Association is the only trade association in the Industry which is national in scope. It was organized in 1905, the requirements for admission being only that the applicant must be engaged in the actual manufacture of boots and shoes in the United States. The membership fee is $25 and the annual dues range from $25 to $500, based upon annual gross sales. In July, 1933, the Association had 248 members with 78 branch factories, or a total of 326 establishments. Today the membership is about 325 and represents approximately 400 establishments. The association claims to employ 85 per cent of the Industry's employees and production, the remainder being shared by some 375 enterprises.

There are several other trade organizations in the Boot and Shoe Manufacturing Industry, but none parallels or overlaps the activities of the N. B. & S. M. A. Most of the others are local or regional groups, whose members in many instances belong to the larger, national body. The Associated Shoe Manufacturers, organized in June, 1933, has a membership of about 100 and claims to represent nearly 300 New England manufacturers of women's novelty shoes. The National Association of Slipper Manufacturers has approximately 53 members, the National Stitchdown Shoe Manufacturers' Association about 37, the National Sheepskin Slipper Manufacturers close to 40, and the St. Louis Shoe Manufacturers and Wholesalers' Association nearly 30 members.

Other associations are the Auburn Shoe Manufacturers, Boot and Shoe Manufacturers of Philadelphia, Brockton Shoe Manufacturers, Council of Shoe Manufacturers of New York, Haverhill Shoe Manufacturers' Board of Trade, Lynn Shoe Manufacturers, New England Shoe and Leather Association, and the Shoe Manufacturers' Board of Trade of New York.

Labor Organizations

On the whole, the relationship between labor and management within the Industry has been comparatively harmonious. Labor controversies have been neither frequent nor widespread. In 1933, six or seven months prior to the adoptio of the Code, a serious "general strike" occurred in Massachusetts, the most highly unionized state in the Boot and Shoe Manufacturing Industry, which affected the shoe operatives in a dozen towns and cities.

Leading manufacturers have been reported from time to time as saying that the Industry is not more than 25 per cent organized by union labor. This estimate probably is nearly correct, although the total membership claimed by th various unions would be equivalent to almost one-half of the country's boot and show workers, both those at work and the unemployed. The unions' figures may exaggerate, and may include duplications, and leather workers to some extent.

The unions in the Boot and Shoe Manufacturing Industry have gained both in numerical strength and bargaining power since the pre-Code days. At a public hearing in January, 1935, the labor leaders of the Industry made it clear that the shoe workers are solidifying themselves and that the day is near when there will be one large, national boot and shoe workers' union.

A list of the labor organizations in the Industry during 1933-1934, other than company unions and very small independent groups, together with their claimed membership and the areas in which they are most active follow:1/

	Membership
Boot and Shoe Workers' Union (A.F. of L.) Largely in metropolitan areas.	40,000
United Shoe and Leather Workers' Union Mostly in New England States.	40,000
National Shoe Workers' Union Lynn, Boston, Chelsea, Brooklyn and other shoe centers of eastern United States.	23,000
Shoe Workers' Protective Union Boston and eastern Massachusetts.	30,000
Shoe and Leather Workers' Industrial Union New York, Philadelphia and vicinity.	15,000
Salem Shoe Workers' Union Salem, Massachusetts.	7,000
Brotherhood of Shoe and Allied Craftsmen Brockton, Massachusetts.	4,000
Central Convention of Shoe Workers of Philadelphia, Philadelphia, Pennsylvania.	4,000
American Shoe Workers' Union Lawrence, Massachusetts.	2,000
International Shoe Workers' Union St. Paul, Minnesota.	-----

Note: All of the above-named unions were not in existence at the same time. For example, the United Shoe and Leather Workers' Union absorbed the "Protective" and half a dozen other independents and small unions near the end of 1933.

The following discussion of unions in the Boot and Shoe Manufacturing Industry appears in The National Recovery Administration, published by the Brookings' Institution in 1935: "As a strong and powerful comeptitor of the A.F. of L.'s Boot and Shoe Workers' Union, particularly in the New England manufacturing centers, there emerged during 1933-1934 the United Shoe and Leather Workers' Union. This union is a merger of independent labor organizations, and professes to be more militant and more progressive than the Boot and Shoe Workers' Union; but it rejects the communist-led T.U.U.L.,2/ and is much more concerned with problems of collective bargaining than the propaganda of 'revolutionary class consciousness.' The United Shoe and Leather Workers' Union conducted a major strike in Haverhill, Massachusetts, during the spring of 1934. The membership of the United Shoe and Leather Workers' Union is

1/ Compiled from materials submitted and on file in the Code Record Section.
2/ Trade Union Unity League.

probably as large as that of its A. F. of L. competitor - about 20,000."

Effect of Code

The effect of the Code of fair competition on the Boot and Shoe Manufacturing Industry can probably be best presented in concise form by quoting from a statement by the President of the National Boot and Shoe Manufacturers' Association and Chairman of the Planning and Fair Practice Committee of the Industry at the public hearing on January 29, 1935.

His closing paragraph reads: "In conclusion, the statement may well be made that the Shoe Manufacturing Industry, operating under its Code, has fulfilled the purposes of the National Recovery Administration. Compared with pre-code days, the hours of male employees have been reduced 12 per cent, their average earnings per hour have been increased 12.98 per cent, thereby maintaining their weekly wage income within one-half of one per cent; the hours of female employees have been reduced 15.69 per cent, their average earnings have been increased 28.25 per cent, and their weekly wage income has been increased 8.51 per cent; the hours of all employees have been decreased 13.61 per cent, their average earnings per hour have been increased 17.96 per cent, and their weekly wage income has been increased 1.87 per cent. The number of employees enrolled in the Industry has been increased approximately 12.5 per cent."

An analysis of the regular monthly reports, prepared by the Bureau of the Census for the Planning and Fair Practice Committee, for comparable weeks during February, 1934 and February, 1935,1/ covering 670 establishments last year and 775 this year, discloses that there has been a decrease from 20.3 to 16.8 in the percentage of male employees receiving less than 37½ cents per hour and an increase from 49.8 to 54.5 in the percentage of males receiving 50 cents per hour and more. In the intermediate groups there were slight declines. The percentage of female workers receiving less than 32.5 cents an hour decreased from 36.0 to 30.1 and the percentage receiving 45 cents and over increased from 19.2 to 22.9. The percentage in the 32.5 to 34.99 group declined a little, whereas the 35 to 44.99 group increased somewhat.

The analysis also reveals that the percentage of males working 35 hours nad fewer advanced from 19.1 to 27.1; over 35, including 40 hours, increased from 43.4 to 45.3 per cent of the total; over 40, including 45, fell from 35. to 24.7 per cent; and more than 45 hours increased from 2.4 to 2.9 per cent. The percentage of females working 35 hours and fewer increased from 21.7 to 28.6; over 35, including 40 hours, increased from 40.9 to 42.6 per cent of the total; over 40, including 45, fell off from 36.4 to 27.1 per cent; and those working more than 45 hours increased from 1.0 to 1.7 per cent.

Imports

Imports of leather boots and shoes are only a small fraction of the total production in this country. In 1929, imports aggregated 8,359,000 pairs, or 2.3 per cent of domestic production; in 1931, 5,925,000 pairs; in 1933, 4,279,000 pairs; and in 1934, 4,942,000 pairs, or about 1.4 per cent. The total value of imported leather footwear was $18,773,000 in 1929, $7,019,000 in 1931; $2,390,000 in 1933; $2,703,000 in 1934. Czechoslovakia supplies more than one-half the number of shoes imported in 1931, Japan a little less

1/ The Code was approved in October, 1933.

than one-third, and Germany, China, Great Britain, Switzerland, and Austria furnished, in the order given, practically the entire remainder. 1/

Foreign Competition

On the surface, imports of leather boots and shoes do not appear significant, but, from the viewpoint of domestic manufacturers, a serious problem is presented. The small dollar value in relation to the pairage indicates that leather footwear of low value is being imported and sold in this country, to the disadvantage of American industry and labor, by creating unfair competitive conditions through its sale at prices which cannot be met by shoe manufacturers of the United States.

The National Boot and Shoe Manufacturers' Association believes that practically every branch of the industry in this country, particularly the makers of women's, misses', and children's medium-grade shoes, has felt the adverse effects of unfair competition of imported leather footwear. Not only does every imported pair displace a similar pair which could be produced here, this resulting in decreased employment and purchasing power, but the prices quoted on imported footwear tend to disrupt prices on the domestic products and damage the American Boot and Shoe Manufacturing Industry to a far greater degree than the number of pairs imported would suggest.

Furthermore, the attempt to produce these low-price shoes tends to cause certain manufacturers who are engaged in that type of production to lower wage rates as much as possible.

The Bata Company of Czechoslovakia is the most important single, foreign competitor. 2/ Thomas Bata learned mass production methods in the United States and returned to his native country to establish, with American machinery, a huge industrial plant which now wins out in many world markets, including the American domestic market. The United States Tariff Commission has shown that, duty not considered, it costs about 59 per cent more to manufacture certain inexpensive kinds of shoes in the United States than it does in Czechoslovakia. The difference, according to American producers, is accounted for largely by a difference in wage levels.

The Company's extraordinary growth may be seen from these data: in 1923 its number of employees was 1,800 and the daily capacity was 8,000 pairs; in 1930, 17,000 employees and 82,000 pairs; and in 1931, 20,000 employees and 136,000 pairs. During 1932, America imported 611,474 pairs of McKay type shoes, an inexpensive shoe for women, from Czechoslovakia--Mostly from the Bata factories. In 1933, America took 1,016,307 pairs of the Company's shoes, and from all indications the 1934 figure was larger. Bata has developed its own retail chain in this country, with 20 stores in Chicago.

List of Experts

Five qualified experts in the Boot and Shoe Manufacturing Industry, together with their addresses and affiliations, are named as follows:

1/ Figures above compiled from Bureau of Foreign and Domestic Commerce, Foreign Commerce and Navigation of the United States for the respective years.

2/ The statement regarding The Bata Company is based on an account in the Shoe and Leather Reporter (November 24, 1934)

Mr. Frederick A. Miller
President, H. C. Godman Co., Columbus, Ohio
President, National Boot and Shoe Manufacturers' Association
Chairman, Planning and Fair Practice Committee of the Boot and Shoe Manufacturing Industry.

Mr. J. F. McElwain
President, J. F. McElwain Co., Boston, Massachusetts
Past President, National Boot and Shoe Manufacturers' Association
Member, Planning and Fair Practice Committee of the Boot and Shoe Manufacturing Industry.

Mr. Charles F. Johnson, Jr.
Endicott-Johnson Corporation, Endicott, New York
Vice-President, National Boot and Shoe Manufacturers' Association.
Member, Planning and Fair Practice Committee of the Boot and Shoe Manufacturing Industry.

Mr. W. E. Tarlton
Brown Shoe Company, St. Louis, Missouri
Director, National Boot and Shoe Manufacturers' Association
Member, Planning and Fair Practice Committee of the Boot and Shoe Manufacturing Industry.

Mr. Harold C. Keith
George E. Keith Co., Brockton, Massachusetts
Past President, National Boot and Shoe Manufacturers' Association.
Member, Planning and Fair Practice Committee of the Boot and Shoe Manufacturing Industry